

IC 20-48-3

Chapter 3. Borrowing; Indianapolis Public Schools

IC 20-48-3-1

Application

Sec. 1. This chapter applies only to a school city to which IC 20-25 applies.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-2

"Board"

Sec. 2. As used in this chapter, "board" has the meaning set forth in IC 20-25-2-5.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-3

"School city"

Sec. 3. As used in this chapter, "school city" has the meaning set forth in IC 20-25-2-12.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-4

Powers; bonds; real property; improvements to real property

Sec. 4. (a) The board may periodically, as the need arises, borrow money and issue school building bonds to supply the school city with funds:

- (1) to buy real estate;
- (2) to erect buildings for school or administrative purposes;
- (3) to enlarge, remodel, and repair school buildings; or
- (4) for one (1) or more of the purposes described in subdivisions (1) through (3).

The proceeds of the sale of bonds under this subsection may not be used for a purpose other than a purpose described in subdivisions (1) through (4).

(b) The board may periodically, as the need arises, issue school funding bonds to take up and retire the principal and accrued interest of any outstanding bonds of the school city. School funding bonds may be issued only if the board determines it is to the advantage of the school city to refund the outstanding bonds of the school city. A school funding bond may not be issued and the proceeds of a school funding bond may not be used for a purpose other than to refund or take up and discharge outstanding bonds of the school city. Any preexisting bonds for which the school city is liable under IC 20-25-4, this chapter, or a predecessor law are outstanding bonds of the school city under this subsection.

(c) Before school building bonds may be issued under subsection (a), the board shall, by a resolution entered into the record in the board's corporate minutes, demonstrate a particular need for the money and the inability of the school city to supply the money from any other applicable fund under the control of the board. Before

school funding bonds may be issued under subsection (b), the board shall, by a resolution entered into the record of the board's corporate minutes, provide a description of the bonds to be taken up, including the kind, date, date of maturity, and amount of the bonds.

(d) Bonds issued under this section must:

- (1) be serial bonds;
- (2) bear interest at a rate payable semiannually; and
- (3) mature at a time or times fixed in the resolution of the board.

(e) A bond to be issued under this section may not be delivered until the price of the bond is paid to the treasurer of the school city in:

- (1) money for school building bonds; or
- (2) money or bonds to be refunded for school funding bonds.

A bond issued under this section may not accrue interest before its delivery.

(f) A bond issued under this section must be payable to bearer and be of the general form usual in municipal bonds.

(g) Before offering bonds authorized by this section for sale, the board must give three (3) weeks notice of the date fixed for the sale of the bonds. The notice must include a description of the bonds and invite bids for the bonds. The notice shall be given by three (3) advertisements, one (1) time each week for the three (3) consecutive weeks immediately preceding the day of sale in a newspaper published and with a general circulation in Indianapolis. Notice may also be required in other advertisements if ordered by the board.

(h) The board shall sell the bonds to the highest and best bidder and has the right to reject any bid. The proceeds arising from the sale shall be used only for the purpose declared in the resolution of the board.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-5

Temporary loans

Sec. 5. (a) The board may, if the board's general fund is exhausted or in the board's judgment is in danger of exhaustion, make temporary loans for the use of the board's general fund to be paid out of the proceeds of taxes levied by the school city for the board's general fund. The amount borrowed for the general fund must be paid into the board's general fund and may be used for any purpose for which the board's general fund lawfully may be used. A temporary loan must:

- (1) be evidenced by the promissory note or notes of the school city;
- (2) bear interest that is payable, according to the note or notes, periodically or at the maturity of the note or notes and at not more than seven percent (7%) per annum; and
- (3) mature at a time or times determined by the board, but not later than one (1) year after the date of the note or notes.

Loans made in a calendar year may not be for a sum greater than the

amount estimated by the board as proceeds to be received by the board from the levy of taxes made by the school city for the board's general fund. Successive loans may be made to aid the general fund in a calendar year, but the total amount of successive loans outstanding at any time may not exceed the estimated proceeds of taxes levied for the board's general fund.

(b) A loan under this section may not be made until notice asking for bids is given by newspaper publication. Notice must be made one (1) time in a newspaper published in the school city at least seven (7) days before the time the bids for the loans will be opened. A bidder shall name the amount of interest the bidder agrees to accept, not exceeding seven percent (7%) per annum. The loan shall be made to the bidder or bidders bidding the lowest rate of interest. The note, notes, or warrants may not be delivered until the full price of the face of the loan is paid to the treasurer of the school city, and interest does not accrue on the loan until delivery.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-6

Temporary transfers; proceeds of bonds

Sec. 6. (a) A school city wishing to make a temporary loan for its general fund under this section may temporarily borrow money, without payment of interest, from the school city's treasury if the school city has in its treasury money derived from the sale of bonds that cannot or will not in the due course of the business of the school city be expended in the near future. A school city shall, by its board, take the following steps required by law to obtain a temporary loan under this section:

(1) Present to the department of local government finance and the state board of accounts:

(A) a copy of the corporate action of the school city concerning the school city's desire to make a temporary loan;

(B) a petition showing the particular need for a temporary loan;

(C) the amount and the date or dates when the general fund will need the temporary loan or the installments of the loan;

(D) the date on which the loan and each installment of the loan will be needed;

(E) the estimated amounts from taxes to come into the general fund;

(F) the dates when it is expected the proceeds of taxes will be received by the school city for the general fund;

(G) the amount of money the school city has in each fund derived from the proceeds of the sale of bonds that cannot or will not be expended in the near future; and

(H) a showing of when, to what extent, and why money in the bond service fund will not be expended in the near future.

(2) Request the department of local government finance and the state board of accounts to authorize a temporary loan from the

bond service fund for the general fund.

(b) If:

(1) the department of local government finance finds and orders that there is need for a temporary loan and that it should be made;

(2) the state board of accounts finds that the money proposed to be borrowed will not be needed during the period of the temporary loan by the fund from which it is to be borrowed; and

(3) the state board of accounts and the department of local government finance approve the loan;

the business manager and treasurer of the school city shall, upon the approval of the state board of accounts and the department of local government finance, take all steps necessary to transfer the amount of the loans as a temporary loan from the fund to be borrowed from to the general fund of the school city. The loan is a debt of the school city chargeable against its constitutional debt limit.

(c) The state board of accounts and the department of local government finance:

(1) may fix the total amount that may be borrowed on a petition; and

(2) shall determine:

(A) at what time or times;

(B) in what installments; and

(C) for what periods;

the money may be borrowed.

The treasurer and business manager of the school city, as money is collected from taxes levied on behalf of the general fund, shall credit the amount of money collected from taxes levied to the loan until the amount borrowed is fully repaid to the fund from which the loan was made. The treasurer and business manager of the school city shall at the end of each calendar month report to the board the amounts applied from taxes to the payment of the loan.

(d) The school city shall, as often as once a month, report to both the state board of accounts and the department of local government finance:

(1) the amount of money borrowed and unpaid;

(2) any anticipated similar borrowings for the current month;

(3) the amount left in the general fund; and

(4) the anticipated drafts on the bond service fund for the purposes for which the fund was created.

(e) The state board of accounts and the department of local government finance, or either acting independently:

(1) if it appears that the fund from which the loan was made requires the repayment of all or part of the loan before maturity; or

(2) if the general fund no longer requires all or part of the proceeds of the loan;

may require the school city to repay all or part of the loan. A school city shall, if necessary to repay all or part of a loan under this subsection, exercise its power to obtain a temporary loan from others

under section 5 of this chapter to raise the money needed to repay the bond service fund the amount ordered repaid.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-7

Requirements; repayment of obligations

Sec. 7. A school city shall provide for the payment and retirement of debt obligations of the school city in the manner provided under IC 20-46-7, IC 20-48-1-6, and IC 20-48-1-11.

As added by P.L.2-2006, SEC.171.

IC 20-48-3-8

Maximum obligation

Sec. 8. (a) The board may not create debt exceeding twenty-five thousand dollars (\$25,000) in total, except:

- (1) as otherwise provided in IC 20-25-4 or this chapter; or
- (2) for debts that exist after March 8, 1931, that are authorized by the general school laws of Indiana, including debt incurred under IC 21-4-20, IC 20-26-1, IC 20-26-2, IC 20-26-3, IC 20-26-4, IC 20-26-5, IC 20-26-7, and IC 20-41-1.

(b) Notwithstanding subsection (a), the board is liable for the board's lawful contracts with persons rendering services and furnishing materials incident to the ordinary current operations of the board's schools if the contracts have been entered into as provided in this chapter and in accordance with law. The obligations of the board to persons rendering services or furnishing materials is not limited or prohibited by IC 20-25-4 or this chapter.

As added by P.L.2-2006, SEC.171.